

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: June 28, 1999
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED ALM*
 RE: Docket No. 990652-TI, Arc Phone USA, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Arc Phone Canada, Inc., the parent company of Arc Phone USA, Inc. (APU) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, APU has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, APU is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company will be fully responsible for its financial needs. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- AFA _____
- APP _____
- CAF _____
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- RRR _____
- SEC I
- WAW _____
- OTH _____

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 990652-TI
ARC PHONE CANADA, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$1,154,351
CURRENT LIABILITIES	1,159,576
CURRENT RATIO	1.00
CASH	149,004
COMMON EQUITY	878,768
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	878,768
COMMON EQUITY RATIO	100%
NET INCOME	743,554
RETURN ON EQUITY	85%

NMF = No Meaningful Figure